

WASHINGTON FLEX

MEDICAL EXPENSE FLEXIBLE SPENDING ACCOUNT

OPEN ENROLLMENT OCTOBER 24 - NOVEMBER 30, 2005

Minimum Annual Deposit: \$240 Maximum Annual Deposit: \$2,400

What is a Medical Flexible Spending Account?

A Medical Expense Flexible Spending Account (FSA) is an IRS-approved, tax-free account that saves you money on eligible medical expenses. You authorize per-pay-period deposits to your FSA from your before-tax salary. Then, as you incur eligible expenses, you request tax-free withdrawals from your account to reimburse yourself. Establishing a Medical Expense FSA will save valuable tax dollars on eligible medical expenses.

FSA Guidelines:

1. The IRS does not allow you to pay your medical or other insurance premiums through your Medical Expense FSA.
2. You have a 90-day run-out period (until March 31, 2007) at the end of the plan year for reimbursement of eligible Medical Expense FSA expenses incurred during the 2006 Plan Year.
3. You may not receive insurance benefits or any other compensation for expenses which are reimbursed through your FSA.
4. Expenses reimbursed from an FSA cannot be deducted on your federal tax return.
5. You may not be reimbursed for a service which you have not yet received.

Without an FSA: (Example)*

\$50.00	monthly budget for medical expenses
<u>- 11.33</u>	taxes on that \$50 taken from your paycheck
\$38.67	amount you have left for medical expenses

With an FSA: (Example)

\$50.00	monthly FSA deposit for medical expenses
<u>- 0.00</u>	no taxes (no taxes on FSA deposits)
\$50.00	amount you have left for medical expenses

*Based upon a 22.65% tax rate (15% federal and 7.65% Social Security)

Because the money you deposit in your Medical Expense FSA is deducted before taxes, the income you use for these expenses is ALWAYS TAX FREE.

Setting Aside Funds

Be conservative when estimating your medical expenses for the 2006 Plan Year. IRS regulations state that any unused funds which remain in an FSA after a plan year ends and all reimbursable requests have been submitted and processed cannot be returned to you nor carried forward to the next plan year.

Before setting aside money in a Medical Expense FSA for any surgical procedure (i.e. corrective laser eye surgery) to treat, cure or mitigate a specific medical condition, it is recommended that you complete all testing procedures and secure written approval as required by the health care provider performing your surgery. This must be obtained from your surgical health care provider prior to the commencement of the plan year in which the procedure is scheduled and performed. A change in your health circumstances that makes you an unsuitable candidate for a surgical procedure after the 2006 Plan Year commences will not permit you to reduce or cancel your Medical Expense FSA.

Remember, you must re-enroll in order to continue your Medical Expense FSA.

Availability

Once you sign up for a Medical Expense FSA, you don't have to wait for cash to accumulate to use your account. The maximum annual amount will be available throughout your period of coverage, provided the request does not exceed your annualized contribution.

Who is eligible?

Full-time or part-time employees of Washington State colleges and universities who are eligible for PEBB-sponsored benefit programs are eligible to participate in Washington Flex.

Employees are eligible to participate in this program the first day of the month following hire date. If an employee's date of hire is the first day of the month they are eligible the first of that month. New hires must complete the form within 30 days of their employment; otherwise, the employee must wait until the next open enrollment.

Deductions will be set up and based on the number of payroll periods anticipated for each participant. Example: Deductions for a 12 month employee will be 1/24th of the total annual amount chosen by the enrollee.

TAX-FREE MEDICAL EXPENSE WORKSHEET

Estimate your eligible, uninsured out-of-pocket medical expenses for the plan year, which is January 1, 2006 through December 31, 2006.

YOUR UNINSURED MEDICAL, DENTAL AND VISION EXPENSES

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

SUBTOTAL

Estimated eligible uninsured medical expenses for your period of coverage during the plan year. Amount cannot exceed \$2,400

\$ _____

DIVIDE

by the number of paychecks with deductions you will receive during the plan year.

This is your pay period contribution.

\$ _____

Ineligible Expenses

- Insurance premiums
- Vision warranties and service contracts
- Health or fitness club membership fees
- Cosmetic surgery not deemed medically necessary to alleviate, mitigate or prevent a medical condition

How to Request Reimbursement

To request reimbursement from your Medical Expense FSA, you must mail or fax a correctly completed FSA Reimbursement Request Form along with the following:

- a receipt, invoice or bill from your healthcare provider listing the date you received the service, the cost of the service, the type of service and the person for whom the service was provided
- an Explanation of Benefits (EOB) from your health insurance provider that shows the type of service you received, the date and cost of the service, and any uninsured portion of the cost or
- if services could be deemed cosmetic in nature, then a written statement from your healthcare provider that the service was medically necessary will also need to be submitted.

Mail to: Contract Administrator
Fringe Benefits Management Co.
P.O. Box 1800
Tallahassee, FL 32302-1800

Fax to: 850-425-4608

Receiving Reimbursement

Your reimbursement will be processed within five business days from the time we receive your properly completed and signed reimbursement request form. To avoid delays, follow the instructions for submitting your requests located in the FSA materials you will receive following enrollment.

Direct Deposit

Enroll in Direct Deposit to ensure that your FSA reimbursement checks are automatically deposited into your checking or savings account. There is no fee for this service, and you don't have to wait for postal service delivery of your reimbursement (however, you will receive notification that the claim has been processed). To apply, complete the application form available from your **employer's personnel, payroll or benefits office**, or call FBMC Customer Service at 1-800-342-8017.

Where to Send Enrollment Forms:

Your completed, signed and dated Enrollment Form should be postmarked **no later than November 30, 2005**.

Mail to: Enrollment Processing
FBMC
P.O. Box 1878
Tallahassee, FL 32302-1878

You may also fax the form to 850-514-5806, Attn: Enrollment Processing by November 30, 2005.

Employees of Central Washington University, Washington State University or Western Washington University should submit FSA enrollment forms directly to their personnel, payroll or benefits office.

Partial List of Eligible Expenses*

Acupuncture
Ambulance service
Birth control pills and devices
Chiropractic care
Contact lenses (corrective)
Dental fees
Diagnostic tests/health screening
Doctor fees
Drug addiction/alcoholism treatment
Drugs
Experimental medical treatment
Eyeglasses
Guide dogs
Hearing aids and exams
In vitro fertilization
Injections and vaccinations
Nursing services
Optometrist fees
Orthodontic treatment
Over-the-Counter items
Prescription drugs to alleviate nicotine withdrawal symptoms
Smoking cessation programs/treatments
Surgery
Transportation for medical care
Weight-loss programs/meetings
Wheelchairs
X-rays

Note: Budget conservatively. No reimbursement or refund of Medical Expense FSA funds is available for services that do not occur within your plan year.

* IRS-qualified expenses are subject to federal regulatory change at any time during a tax year. Certain other substantiation requirements and restrictions may apply, and will be supplied to you following enrollment.

FBMC Contact Information

Customer Service Web address:

webcustomerservice@fbmc-benefits.com

Web site: **www.fbmc-benefits.com**

Interactive Benefits Information Line: **1-800-865-FBMC (3262)**

FBMC Customer Service: **1-800-342-8017**

Customer Service: **1-800-955-8771 (TDD)**

Monday – Friday, 4 a.m. to 7 p.m. PST.

FBMC
proven benefit solutions